G. R. S. 58

Previous references.

H. Mis 975-08

1909-10

(Gen: Fin.)

File No. 86-09

Serial Nos. 1

Later references.

B. Oct-09 881-2. 9-7200-09

P 431E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1

Part B. for August 1909

SUBJECT.

Publication of the State Budget in the Official Gazette from 1909-10.

---

1) Notification No. 71. 1268 & 24-8-09 ~~Declaring~~ notifying that with effect from 1909-10, the State Budget will be published in the Gazette after it is finally passed by His Highness the Maharaja for the information of the public and the Representative Assembly.

GPB ..8,000—7-4-07

Record of cases submitted for the orders of His Highness the Maharaja.

Subject

Proposal to publish the Budget Estimates and to allow them to be discussed in the Legislative Council.

Order

I approve of the proposal of the Dewan and Council to publish the Budget at the earliest possible date so as to enable the public and the Representative Assembly to become acquainted with its details in good time.

I consider however that their proposal to allow interpellations and a debate in the Legislative Council are altogether premature. I cannot approve of them

Initialled K. R. W.
22.6.09.

Secy
Init) J.A.R.
22.6.09.

To Br II for note of H.H's orders. The file may be returned to Br III for being filed with the papers re the Legislative Council.

2nd C.S.B,
2/7/09

Copy!

Serial No.

A Memorandum to be printed with the Budget Estimates is put up.

After the detailed P.W.Estimates are received a para has to be added drawing the attention of the public to any points in such estimates which may be of interest to them.

If considered necessary, a para regarding th ways and means of the year and the total balance to the credit of Government may also be added. There does not however, appear to be any need to speak of the Ways and Means Estimate as there is nothing of importance or interest to mention regarding it.

As for the Government Balance the Public are not likely to get a correct idea of the meaning of such balance unless an Assets and Liabilities statement is also appended. It is perhaps unnecessary to make any mention of the Government balance at all in the Memorandum.

H this No 128

Jnl Secy

mch
10-8-9

I have added a number

GPB—50.000—13-5-08

Serial No.

of paragraphs & renumber some paragraphs. Other portions have been altered. Please go through the memorandum in its present form, fill up the blank portions, renumber the paragraphs & bring up for further discussion. After that a neat copy will have to be prepared for submission to the Dewan.

JR

12/8/09

Dewan's order

Draft

Approved with a few verbal alterations. I shall be glad if it appears in the Gazette before the end of the month."

ZL

15/8/09.

Refer paragraphs 14 & 15 of the draft. Please verify the figures marked in paras 15 & 20 (xii).

ZL

P.S. The printed sheet taken from the Comptroller's Note on the Budget having been written last year, some verbal alterations are necessary. For instance "current year" in para 11 refers to 1908-9. The word "is expected" require alteration. Such alterations are necessary in paras 11 & 14 & 16. The necessary alterations may be made.

2. In the para relating to the P.W. budget, it may be made clear that the grant of 28 lakhs odd is over the grant from Provincial Funds, ~~and to~~ and that the P.W. deptt has to spend other large sums from the L.F. Govt,

NOTE—Contn. sheet.

GPB—50.000—18-5-08

Serial No.

Under the orders of His Highness the Budget Estimates for 1909-1910 have to be published in the Gazette apparently in an extraordinary issue of it. It has been ascertained from the Comptroller's office that the detailed Budget Estimates will be ready for publication in the first week of September. The Statement to accompany the Estimates has to be got ready before that time and the draft of it approved of the Financial Secy is placed below.

Fin Secy
13-8-9

Dewan
2042
13.8.09

Please see the Dewan's order below
15/8/09.

Asst Secy

Please go through the draft again with special reference to Dewan's order & make the necessary verbal changes.

I have added a para 30 re: Local Funds.

attended to
21/8/09

NOTE—Contn. sheet.

GPB—50.000—18-5-08

G.R.S. 12]
General and Revenue Secretariat.

File No. of 190

Serial No.

Please supply a statement at the end of it in the following form :—

Name of Fund	Balance on 1.7.09	Estimated Receipts 1909-10	Total	Estimated Expenditure 1909-10	Estimated Balance on 1.7.09
Local Funds (ful	69,550	199,440.	268,990.	193,745.	78,245.
District Funds	16,866.	799,598.	961,464.	866,101.	95,363. (ful
Municipal Funds	46983.	828,405.	1245,388.	942486.	302,902. (ful
Village School Fund		317,222.		357,102.58	
Irrigation Cess Fund		67,000.	2,23,000.	200000 (⊛)	

and Boards for Mun. Funds

⊛ As proposed by the Comptr.

After the whole thing is ready please leave the press copy neatly typed and send to me for signature. I should like to give instructions to the Supdt. Govt. Ptg. personally for printing after the manuscript is ready.

20/8/09

8/8/09

Recd. 21.8.09

Furnished vide Statement above

23-8-09

Branches in d i are requested to furnish figures for the Statement referred to above. For District and Municipal funds only Consolidated Provincial figures are required. The matter is urgent. Vide Secretary's Order of 15-8-09. Early Compliance is therefore requested.

21/8/09

NOTE—Contn. sheet.

GPB—50.000—18-5-08

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Dear Mr. Srinivasa Char.

Please find herewith the approximate balance on 1.7.09 to the credit of the Village School Fund. The information required by the Memorandum

Sir,

As Mr. Srinivasachar is on leave, I have noted the figures as directed by him.

23/8/09

N. B—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—35,000—21-4-09

Serial No.

Fair copies of the order & Statement are putup for Signature -

23.8.9

Find Seen

Fair draft & fair copy approved subject to slight alterations.

23(8)c).

GPB—50.000—18-5-08

G. R. S. 12]
General and Revenue Secretariat.

G. F File No. 86 of 1909

9

Serial No.	
1	To the Compiler, Mysore Gazette No. H 1232 & 23.8.09 States that hitherto, the financial programme for any particular year, was announced rather too late in the year (Sept. or Oct.) & as the information furnished was by that time stale, the Govt have resolved that with effect from 1909-10, the State Budget should be published in the Gazette at the earliest possible date after it is finally passed by H. H., with the hope that the public and the Representative assembly become acquainted with all details of the Financial programme of the year in good time.

Published in the Gazette Extraordinary of 6/9/09

NOTE—Contn. sheet.

GPB—50,000—13-5 08

Fair draft

Proceedings of the Government of His Highness

the Maharaja of Mysore.

Order No:- K1232
G2m86-07-1

Dated Bangalore, the 23 August 1909.

Under the system hitherto in force, the financial programme of Government for any particular year was announced by the Dewan in his speech to the Representative Assembly in September or October of that year i.e., after three or four --- months of the year had elapsed. A copy of the State budget -- was also laid on the table of the Assembly for the information of the Representatives and through them of the public. The facts connected with the financial administration for any year thus came to the knowledge of the public rather too late in the year and information furnished was by that time stale. Under these circumstances the Government have resolved that with effect from the year 1909-10 the State Budget should be published in the official gazette at the earliest possible -- date after it is finally passed by His Highness the Maharaja. This procedure, it is hoped, will enable the public and the -- Representative Assembly to become acquainted with all the details of the financial programme of the year in good time.

2. Accordingly the State Budget for 1909-10 with a brief financial

financial statement explaining its salient features is published in the following pages.

Financial Secretary to Governmen

Govt order No. — 7C 1232
Q.776-09-1
dated — 23.8.09

Published
in the Extraordinary
Gazette of 6.9.09.

Under the system hitherto in force, the financial programme of Govt for any particular year was announced by the Dewan to the Representative assembly in September or October of that year i.e. after three or four months of the year had elapsed. A copy of the State budget was also laid on the table of the ~~Representative~~ Assembly for the information of the Representatives & through them of the public. The facts connected with the financial ~~year~~ administration for the year thus came to the knowledge of the public rather late to enable the representatives to make any representation on any financial question. The earliest opportunity for the representatives to express any opinion on the budget of any year was ~~during~~ the session of the next year when the

in the year and information furnished was by that time stale.

year to which the question related ~~bills~~ would have long been over ~~elapsed~~ and the matter lost much of its interest. To remedy this unsatisfactory state of affairs, which ~~partially~~ deprived the ~~people~~ of a valuable opportunity of knowing ~~what~~ the people had any ~~their~~ representatives ~~right of representation~~ to make an ~~this financial programme~~ connected with the financial administration of the state, ~~H. H.~~ the Maharaja ~~year~~, has been graciously pleased to order that the State Budget should be published in the official gazette at the earliest possible date after it is finally passed by H. H. the Maharaja. This procedure, it is hoped, will enable the public and the Representative Assembly to become acquainted with all the details of the financial programme of the year in good time.

Under these circumstances, the Govt have resolved that

~~1. Under these circumstances~~
~~the Govt have resolved~~
~~that~~
with effect from the year 1909-10

Accordingly

2. ~~In accordance with the above,~~ the State Budget for 1909-10 with a brief financial ~~Statement~~ statement explaining its salient features is published ~~in the~~ in the following pages.

12/8/9
Fin Secy

Financial statement and Budget Estimates of The Mysore State 1909-10

Preliminary remarks

As this is the first occasion on which the state budget is being published in the official Gazette for the information of the public, it is necessary to open a few words of explanation with reference to certain items of a technical nature the use of which is unavoidable in connection with the budget.

2. The accounts of the State are compiled by the Comptroller from the vouchers and cash accounts received from Treasuries. The financial year is from 1st July to 30th June but the accounts of any year cannot be ready till some time after the end of the year has elapsed. The accounts of an year ending 30th June have to be kept open till the 30th November following to admit of adjustments being made on account of transactions relating to this Government taking place at a distance which come

following

on the books of this Govt through the accounts of another account officer. The final accounts for an year ending 30th June can therefore be ready only about the end of December following. It is therefore clear that the latest year of which the final accounts are now available is 1907-8.

3. The preliminary arrangements for framing the budget estimates for any year are taken in hand about the month of Feby of the preceding official year. Only eight months of an year are therefore over when the work of estimating the next year's revenue & expenditure under each head has to be undertaken. The actual figures for eight months of the first year are therefore ascertained and on the basis of eight months actuals, "Revised estimates" for the year are prepared by adding the estimated figures for the remaining four months. The Revised estimates thus prepared of the year about to expire are very useful in framing the budget estimates of the ensuing year.

the figures as they appear.

~~important features~~ in the "Accounts" of 1907-08 and the "Revised Estimate" for 1908-09 along with these ~~will be briefly noticed before mentioning the noteworthy points in~~ in the Budget Estimates for 1909-10. And a brief general review of the Accounts of 1907-8 and the Revised estimate of 1908-9 is also given below before the figures for the budget estimate for 1909-10 are discussed.

5. Accounts of 1907-08.

The Budget Estimates of 1907-08 provided for receipts and expenditure as shown below:-

Revenue	Rs.	2,26,08,000
Expenditure	"	2,12,01,000
Surplus		14,07,000

The surplus was shown in the Budget as follows:-

Set aside from the Cauvery Power Scheme Revenue for redemption of 4 P.C. loan of 20 lakhs.	Rs.	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance	"	10,34,000
Famine Insurance Reserve	"	2,00,000
Budget surplus	"	40,000
		14,07,000

6. In the Accounts of 1907-08 as finally closed the figures stand as follows:-

Revenue	Rs.	241,40,694
Expenditure	"	211,58,680
Surplus		29,82,014

This

Since the accounts for 1907-8 a very brief review is here considered sufficient. A full & detailed appropriation report on the accounts of each year is drawn up by the Comptroller & submitted to Govt. and a reference may be made to it for any information on any point connected with the final accounts.

This surplus appears in the accounts as follows:-

Set aisde from the Cauvery Power Scheme Revenue for redemption of 4 P.C.Loan of 20 lakhs.	Rs.	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance.	"	12,30,000
Famine Insurance Reserve	"	2,00,000
Budget Surplus	"	14,18,453

76 The accounts of 1907-08 were, therefore better than the estimates by Rs.15,75,014 and this result was due mainly to the improvement on the revenue side, to which most of the important heads of revenue namely, Land Revenue, Forest, Excise, Railways and the Cauvery Power Scheme contributed. The Estimate of revenue proved too cautious, while that of expenditure was on the whole well foreseen, the difference between the total estimate and the total actual expenditure being less than half a lakh. There were increases under some of the heads of expenditure but, they were counterbalanced by savings on the grants under other heads. The whole of the building contribution of five lakhs which had been promised for the ~~Tata's~~ Indian Research Institute was paid in 1907-08.

in 1907-08.

Revised Estimates for 1908-09.

8. The budget estimates for 1908-09 provided for receipts and expenditure as shown below:—

	Rs.
Revenue and other receipts	2,28,15,000
Expenditure	2,13,89,000
Difference ...	14,26,000

The difference was, as usual, shown in the budget as follows:—

	Rs.
Set aside from Cauvery Power Scheme revenue for redemption of the 4 per cent loan of 20 lakhs ...	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance	10,77,000
Famine Insurance Reserve	2,00,000
Budget surplus	16,000
	14,26,000

9. In the revised estimates for 1908-09, prepared on the basis of eight months' actual expenditure from July 1908 to February 1909, the figures stand as follow:-

	Rs.
Revenue and other receipts	2,22,46,000
Expenditure	2,12,94,000
Difference ...	9,52,000

According to the usual procedure of appropriating the revenue of the Cauvery Power Scheme for redemption of loan and replenishing the cash balance, the above difference should appear in the accounts thus:—

	Rs.
Set aside from Cauvery Power Scheme revenue for redemption of 4 per cent loan of 20 lakhs ...	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance ...	11,12,000
Famine Insurance Reserve	70,000
Budget deficit	—3,63,000
	9,52,000

ut of Rs. 2,00,000 proposed to be set apart for the Famine Insurance Reserve in the budget estimate, Rs. 1,30,000 had to be spent as direct expenditure in connection with the scarcity and the balance of Rs. 70,000 ~~only can, therefore,~~ be carried to the head Famine Insurance Reserve.

would therefore be avail[able] ordinary circumstances for [the]

~~of which were mainly due to subsequent~~

~~which necessitated remissions and suspensions of~~

revenue. ~~The falling off under Land Revenue, Forest,~~

6. The revised estimate is, therefore, 4,74,000 worse than the budget as far as the difference between receipt and expenditure is concerned and this in spite of the revenue from the Cauvery Power Scheme being 35,000 in excess of the budget. The result under the other heads excluding the Cauvery Power Scheme is thus 5,09,000 worse in the revised. Of this sum 1,30,000 represents expenditure recorded under the head Famine Relief; and the balance 3,79,000 is the net difference on other heads of revenue and expenditure which has converted the surplus of 16,000 in the budget to a deficit of 3,63,000 in the revised estimate as above worked out.

The Scarcity Remissions, Suspensions and Advances

7. The main reason for the unsatisfactory state of affairs referred to in the preceding paragraph is, of course, the scarcity which prevailed during the ~~current~~ year (1908-09) in parts of all the districts of the State but specially in Kolar and Tumkur. The two chief instruments which were employed by Government in combating the situation were adequate remissions and suspensions of Land Revenue and a liberal system of granting *takavi* and other advances to the raiyats wherever such help was considered necessary. The advance transactions do not affect the budget immediately though they have a very important bearing on the question of ways and means. But the effects of the remission and suspension measures of Government appear in the revised estimates of 1908-09, now presented in a very striking way. Thus under Land Revenue against the budget estimate of 100 lakhs ~~we expect to collect~~ actual collection is expected to amount to only 89 lakhs during the current year; and under Assessed Taxes, *i. e.*, Mohatarfa and Assessment on vacant building sites, the percentage of falling off anticipated is much larger, the expected collection being only 2 lakhs against the estimate of 3·18 lakhs. When it is considered that the high prices brought about chiefly by the unfavourable seasonal conditions of successive years press more severely on the non-agricultural population who pay the bulk of the assessed taxes than on the agricultural population, the necessity of liberal remission of Mohatarfa for mitigating the acuteness of distress will be evident.

8. The relief which had to be given to the agricultural and non-agricultural classes in the way of remissions and suspensions is, therefore, likely to reduce our revenue for ~~the current year~~ 1908-09 by 12·18 lakhs, *viz.*, 11 lakhs under Land Revenue and 1·18 lakhs under Assessed Taxes. The Forest revenue ~~is~~ also ~~likely to~~ fall considerably below the budget estimate, the expected realizations being only 19·11 lakhs against the budget figure of 20·15 lakhs. The reason for the falling off ~~is~~ was less demand for sandalwood which has told both on the number of tons sold and the rate per ton realized. Considering, therefore, the three heads Land Revenue, Assessed Taxes and Forests, the decrease in the revised estimates of 1908-09, was 13·22 when compared with the budget estimates.

Increase of Revenue under certain heads

9. It is, therefore, quite clear that, had it not been for accidental and unexpected increase of revenue under certain heads, even the whole of the net revenue of the Cauvery Power Scheme (Rs. 11,12,000) would not have been sufficient to cover the decrease referred to in the foregoing paragraph. In that case, taking all sources of revenue into consideration, the year would have been one of a real and substantial deficit. As it is, however, we are exceptionally fortunate in some directions and the falling off of 13·22 in the revised as compared with the budget under Land Revenue, Assessed Taxes and Forests is expected to be reduced to a large extent by increase under other heads. Thus Excise is expected to bring 43·62 lakhs against the budget provision of 40·86 lakhs or 2·76 lakhs more; Stamps and Registration 8 thousand more; Mining Royalty 70 thousand more; Interest 30 thousand more; and the Railway revenue account 2·61 lakhs more. The increase under the head Railway is due chiefly to the operation of the revised agreement with the S. M. Railway Company entered into by the Secretary of State for India on behalf of this Government under which $\frac{12}{20}$ths of the net revenue on all the lines belong to the Durbar instead of $\frac{3}{4}$ths of the net revenue on the Mysore-Harihar and the whole of the net revenue on the other lines as in the former agreement. As a result of these and other minor variations the revenue and receipts for 1908-09 are now expected to stand at 222·46 instead of the budget figure 228·15, *i.e.*, 5·69 lakhs less.

Economy necessitated by Scarcity

10. The variations of the revised from the budget figures on the expenditure side are less marked than on the receipt side, but those variations are not a correct index of the disturbing effects of the scarcity on the budget programme of the year. As soon as it was apprehended that considerable ~~additional~~ expenditure might become necessary during the course of the year to cope with the distress, energetic

(the Extent of which could not be gauged with precision)

steps were taken in all directions for securing the strictest economy; and the result is that in spite of considerable additional expenditure under almost all major heads owing to the scarcity, *e.g.*, grain compensation allowance, additional establishment, etc., the total expenditure for the year is now expected to be 2,12,94,000 against the budget figure of 2,13,89,000, *i. e.*, 95,000 less. A comparison of the budget and revised estimate figures under the several major heads will show that the credit for having secured economy is shared by almost all the departments of the State, and it is the exercise of such economy coupled with the fortunate increase in receipts under some of the revenue heads such as Excise and Railway, which accounts for the fact of the State having got over a difficult year with so little impression in its finances.

16. Before closing this brief review of the revised estimates of 1908-09, it is perhaps desirable to bring together the total expenditure ~~expected to be~~ incurred during the year from the General Revenues on account of scarcity. The following statement gives such information regarding amounts sanctioned and spent under the various heads:—

FINAL EXPENDITURE.

Head	Amount sanctioned up to date	Actual expenditure up to the end of February 1909	Estimated expenditure during the year
I. Direct.	Rs.	Rs.	Rs.
Establishment	20,000	40	4,000
Drinking water wells	25,000	25,000*	25,000
Poor-houses and gratuitous relief ...	30,000	11,845	30,000
Supply of fodder	46,000	1,542	20,000
Relief to weavers, etc.	50,000	27,753	50,000
Distribution of seed grains (gratuitous)...	1,000	.....	1,000
Total I ...	1,72,000	66,180	1,30,000
II. Indirect.			
Grain compensation allowance ...	1,76,000	69,265	1,44,000
Additions to existing establishment ...	8,000	.....	5,000
Stone works to Minor Tanks (P. W. D.)	1,00,000	9,259	1,00,000
Other additional works (P. W. D.) ...	1,04,000	†	1,04,000
Total II ...	3,88,000	78,524	3,53,000
Total I & II ...	5,60,000	1,44,704	4,83,000

LOANS AND ADVANCES.

Head	Amount sanctioned up to date	Actual expenditure up to end of February 1909	Estimated expenditure during the year
	Rs.	Rs.	Rs.
Takavi advances and other loans ...	4,60,750	66,386	3,00,000
Earth-work to Minor Tanks ...	1,20,000	6,926	1,00,000
Opening grain depôt at Pavagada ...	1,100	.....	1,100
Purchase of seed grains for loan to the raiyats in the affected tracts ...	10,000	.....	10,000
Total ...	5,91,850	73,312	4,11,100

* The expenditure on this account is in the form of a grant to the Local Funds General from which this amount together with an additional amount of Rs. 75,000 (total Rs. 1,00,000) has been distributed amongst the several districts.

† These grants are chiefly additional allotments to works in progress in excess of the allotments sanctioned in the budget, and the extra expenditure will, therefore, all come in the last months of the year.

15

Utilization of Surplus

From para 9 above it is seen that the difference between receipt & expenditure for the year 1908-9 taking all sources of income into account was Rs 9,52,000. In that paragraph it was also stated how that difference would have appeared in the accounts under the system hitherto in force. Certain changes in the form of accounts have however been sanctioned in connection with the reorganization of the Canvery Power Scheme accounts as explained in para 25 below. It has also been decided that the full amount of Rs 2,00,000 should be taken to the credit of the Famine Insurance Reserve without deducting therefrom the expenditure on account of scarcity during the year. With these changes the sum of Rs 9,52,000 will appear in the accounts as shown below:

Set aside for the redemption of the 4% loan of 20 lakhs	1,33,000
Famine Insurance Reserve	2,00,000
Credited to the Canvery Power Scheme depreciation fund	6,19,000
	Rs 9,52,000

~~explained in para 13 infra~~

16 17. Budget Estimates for 1909-1910.

For the year now current the total revenue is estimated at Rs.232,92,000 and the total expenditure (excluding liabilities to Reserve funds &c) at Rs.220,42,000, ~~leaving a surplus~~ The difference of 12,51,000 ~~which~~ is intended for utilisation as follows:-

Sinking Fund Instalment on account of the 4 P.C. Loan of 20 lakhs.	Rs.	1,33,000
Famine Insurance Reserve	"	2,00,000
Contribution payable from the Cauvery Power Scheme Revenue of 1909-10 to the Depreciation Fund	"	3,09,000
Payment out of the net Cauvery Power Scheme Revenue of 1909-10 towards the arrears of the Depreciation Fund	"	5,54,000
Budget Surplus ...	"	55,000
		12,51,000

Revenue

17 18. It is hoped that the agricultural seasonal conditions of the year 1909-10 will be ~~good~~ fair and the collection of the major portion of the suspended arrears of 1908-09 is accordingly anticipated and the estimate of Land Revenue placed at Rs.103,39,000. The revenue from Excise during 1908-09 is somewhat high according to the Revised Estimate but for purposes of the Budget for 1909-10 it has not been considered safe to

to place the Estimate higher than at Rs.40,50,000. The estimates under the other heads are normal and do not call for any remarks.

Expenditure

19. On the expenditure side the noticeable increases as compared with the Revised Estimate for 1908-9 appear under Education, Medical and Miscellaneous. The expenditure on Education is naturally an expanding item and the allotments made for additional grants to Aided Schools, increased staff provided for Government Schools and the arrangements necessary for adapting the two Colleges to the New University Regulations account for the increase of about a lakh over the Revised Estimate for 1908-09. The increase in the Medical Budget is chiefly under "Sanitation and Vaccination" and is due to the additional expenditure entailed by the scheme sanctioned for the Organization of a Public Health Department. The estimate under Miscellaneous includes a provision ~~of a lakh and a half for the grant of compensation allowance to low paid Government employees owing to the high prices of food grains and a similar amount~~ for some special charges to be incurred during

1909-10.

20 19. The estimates under the heads, 28 Famine Relief, 29 Reduction or avoidance of debt, 30 State Railways, Revenue Account, 34 construction of Railways 35 Cauvery Power Scheme Revenue Account, and 36 Cauvery Power Scheme-Capital Outlay require some explanation.

The Famine Reserve

21 20. In February 1907 the Government resolved to save annually a sum of at least two lakhs with a view to form a reserve to be drawn upon in the event of a famine and the resolution has been given effect to from the year 1906-07. On the 30th June 1909 the amount to the credit of the Famine Reserve was 6 lakhs and in the Budget for 1909-10 provision has been made for adding to the said reserve another sum of 2 lakhs. There was some special expenditure in connection with the distress last year, but as it was not for meeting a severe and widespread famine but only for affording relief in a period of drought and as it was also found possible to meet such expenditure by effecting savings on other grants it was not considered advisable to utilize any portion

of

15

of Famine Reserve and accordingly the whole of the Famine Savings of two lakhs ~~for~~ for 1908-09 was added to the Reserve. Following the policy of securing accretion to the fund, an annual famine ~~surplus~~ a saving of 2 lakhs has been budgetted for in the estimates for 1909-10 and entered under 28 ~~Faime~~ mine Relief. In the event of there being any need for incurring expenditure on measures of famine relief this provision will be drawn upon; otherwise the saving will be carried to the credit of the Famine Reserve.

10. In 1906-07 ~~a loan of 20 lakhs was raised~~ The Four per Cent Loan Sinking Fund ~~mainly with a view to finance the third installation~~ of the Cauvery Power Scheme. This loan carries interest at 4 P.C. and is due for discharge after the expiry of 15 years i.e. on the 1st October 1921. To provide for the redemption of this debt a ~~small~~ Sinking Fund ~~is being~~ has been formed since the year of the loan by effecting a saving in the annual Budgets of an amount equal to one fifteenth part of the loan. On the 30th June 1909 there was to the credit of this Sinking Fund a sum of 4 lakhs. In the Budget for 1909-10 provision has been made for payment into

the

said fund the fourth instalment of Rs.1,33,000 which appears under "29 Reduction or Avoidance of Debt".

Railway Expenditure

23 ~~21.~~ The estimate of Rs.7,20,000 under 30 State Railways-Revenue Account is the annual interest charge payable on the debt of £1,200,000 borrowed through the Secretary of State for constructing the railway line from Gubbi to Harihar, ~~for which the line from Mysore to Harihar is mortgaged.~~ This debt is redeemable on the 1st March 1936 and a Sinking Fund was formed in 1898 by investing a sum of rupees 50,81,500 in the Government of India Securities, which, accumulating at compound interest will be sufficient for discharging the loan when its repayment falls due. In the meantime the annual interest on the loan has been regularly provided for in our Estimates.

24 ~~22.~~ The amount of 3 lakhs entered under ~~34~~ - Construction of Railways represents the capital expenditure to be incurred in 1909-10 on account of engines, rolling stock etc required for working the open State Railways.

Cauvery Power Scheme accounts

25 ~~24.~~ The question of placing the accounts of the Cauvery Power Scheme on a satisfactory footing was settled in January last after taking the advice of

was long under the Consideration of Government and it

of Messrs Lowelock and Lewis Chartered Accountants, Calcutta, and of a Committee of local Officers representing the Electrical, Engineering and Account Departments appointed for reporting on the matter. It has been decided that the accounts should be kept ~~strictly~~ on commercial lines and a Depreciation Fund formed for maintaining the machinery and buildings in an efficient condition, so that the revenue earning character of the concern may remain unimpaired. Under this arrangement, the contribution to the Depreciation Fund should come from the annual revenue from the Cauvery Power Scheme on which it is a legitimate charge. The extent of depreciation of the buildings, machinery, etc, from the date of completion of each part to the end of 1908-09 has been calculated and the amount comes to about Rs.14,76,000. To make up this amount it is proposed to pay to the Depreciation Fund Account the entire surplus of 1908-09, viz, Rs.6,19,000 as also a sum of Rs.554 out of the net revenue from the Scheme for 1909-10. To bring the fund to the level at which it should stand only a sum of 3 lakhs more is required and it will be paid out of the net revenue from the Scheme for 1910-11

The

The contribution payable for 1909-10 is Rs.3,09,000 and this will be met from the Revenue for that year.

The estimate of Rs.12,86,000 entered under 35 Cauvery Power Scheme-Revenue Account on the expenditure side consists of the following items:-

Working Expenses	...	Rs.	4,23,000
Depreciation Fund	...		
Contribution for 1909-10	....		3,09,000
Amount paid from the net revenue from the scheme for 1909-10 towards the arrears due to the fund up to 30th June 1908		"	5,54,000
			12,86,000

The first item mentioned above represents the establishment and other charges required for working the concern.

26 25. During 1909-10 an expenditure of Rs.2,01,000 has been sanctioned for capital works chiefly in connection with the lighting schemes of the Bangalore and Mysore Cities and the estimate on this account appears under 36 Cauvery Power Scheme-Capital Outlay.

much
" 10-8-9

Serial No.

Public Works

27 26 In January 1909, the Govt after very careful consideration fixed the normal grant for Public works in the State at a little over 25 lakhs. As however two very large works viz. the Palace at Mysore and the Marikanave Project are still going on and as it is desirable to complete them as soon as practicable it has been found impossible this year to restrict the P.W. grant to the normal amount fixed by Govt. The total grant for the year 1909-10 stands at Rs 28,21,002 besides the grant of Rs 2,72,758 to the Mysore City Improvement Trust the work in connection with which is also chiefly of the nature of Public works.

28 27 Among the more important original works for which allotments have been included in the estimates of the current year are the following:—

Here type Statement 'A'

29 28 For facility of reference a brief abstract of the Public works budget is included (for the first time this year) in the Civil Budget Estimates. A detailed budget estimate of Revenue and expenditure under Public works in the Mysore State is however printed and published separately

NOTE—Contn. sheet.

GPB—50.000—18-5-08

A.

Name of work	Allotment Rs
Mari Reservoir	153000
2) Improving and extending the Hemagiri Channel	10000
3) do Mandigere Channel	25000
4) Restoring the Slipped portions of the Ramasagara Tank	20000
5) Constructing a new Tank at Sowlunga	18000
6) Constructing a new Sandal Rohi at Shimoga	15000
7) Constructing new Taluk Cutcherries at Chitaldrug and Hirisale	20000
8) Additions to & alterations of the Bangalore Central College buildings	100,000
9) Constructing a new building for the Bangalore High School	20000
10) Constructing the Chamarajendra Technical Institute at Mysore	50.000
11) Constructing a building for the Eye Infirmary at Bangalore	45000
12) The new Palace at Mysore	239000
13) Bangalore city Extension works including water supply	73000
14) Bangalore city Drainage works	43000
15) Shimoga Extension & Water Supply Projects	65000
16) Mysore City Water Supply Works	20000
17) Water Supply to Mudigere	7500
18) Reconstructing the Old Sultan Tanks at Bangalore	20000

verify

The Chief Assistant P.W. Secretary to State requested the figure might be verified by the Dewan & the correct figure was given by the Manager-Clerk of the P.W. Secretariat on 21-8-29

The Secretary to State to be informed accordingly

Ans.

24/8/29

Serial No.

The Village school Funds maintains constructs & improves ~~water supply &c locally~~, the Village school buildings. Similarly many of these Funds materially supplement the expenditure from the general revenues for Education, Sanitation, Medical relief &c. Detailed estimates of each of these Local Funds are separately ~~published~~ printed; but to give a general idea of the transaction of each Local Fund or class of Local Funds an abstract ~~statement~~ showing their estimated transactions during the year 1909-10 is given below:—

Serial No.

which may be refered to for information on any point relating to the expenditure on any particular work or particular class of works.

[Heading put in para 30]

Conclusion

31. 30 29 From para 17 above it will appear that according to the budget estimate of the current year 1909-10 our receipts from all sources will be 12,51,000 in excess of the amount required for immediate expenditure during the year. At first sight the position might seem to be one of excessive surplus and the charge might be laid against that they are the Government that they are taking more from the people than what is really required for the work of administration. But a little consideration will shew that the situation is not exactly one of a large surplus; for it is not sufficient to take only the immediate current expenditure of the State into account. The Reserve fund + other liabilities have also to be considered. We owe a debt of 20 lakhs repayable in 1924 + we must make provision for its repayment. We must lay by something to combat a famine when it comes upon the state; we must also build up a depreciation fund for the Canvery Plant so as to see that we are not using up the capital invested in it. And when provision even on a modest scale is made for these requirements the surplus shrinks to a much lower figure ~~down to the insignificant figure of 56,000~~.

When it is remembered that there are other Reserves

NOTE—Contn. sheet.

GPB—50.000—13-5-08.

Serial No.

which it is certainly desirable to build up e.g. the Reserve for large items of Non-recurring Expenditure in connection with the Imperial Railway Survey, the Reserve for railway extensions &c, but to which no grants can be assigned under existing financial conditions, the situation would appear to be far from one of an unnecessarily large surplus. On the other hand, a considerable part of the Mining Revenue & the Canvey Power Revenue have to be utilized for providing for the modest & indispensable reserves, the situation, if we look sufficiently long ahead, is one which requires attention & the exercise for the strictest economy. We cannot afford to ignore the fact that a considerable part of the Revenue from the Mines & the Canvey Scheme are uncertain or unreliable and may disappear within a few years; and when along with in combination with that fact we see without these sources of revenue that our budget even with all pressing Capital items cut out, as at present framed would still show a heavy balance on the wrong side, we cannot too strongly emphasise the fact that there is at present necessity for the greatest restraint as regards incurring permanent charges of the State or incurring Expenditure upon Matters which bring no palpable benefit to the people.

NOTE—Contn. sheet.

GPB—50.000—18-5-08

Serial No.

Local Funds

30 It may perhaps be useful to mention in connection with the budget estimate herewith published that it represents only that ~~branch~~ portion of the Public revenue and expenditure which appertains to the General Revenues. The transactions of the various Local Funds e.g. the Local Funds General, the District ~~Fd~~ Funds, the Municipal Funds, the Irrigation Cess Fund, the Village School Fund etc do not find a place here. When revenue derived from special sources is devoted to special objects and not to the general purposes of the Administration the revenue so devoted forms a Local Fund. And though in some cases there is some difference in matters of administration & control between the General Revenues and the Local Funds, the latter are nevertheless an integral part of the transactions included in the Financial operations of the State. Thus in addition to the 28.2 lakhs which represents the grant for Public works from the General revenues & (3.8 2·72 lakhs which is the grant from the same source to the Mysore City Improvement Trust considerable sums are spent on local public works from the Local Funds ~~proper, the~~ mainly of ~~Districts~~ referred to above. Thus the Municipal Funds maintain & develop roads & other Public works within the Municipality, the Irrigation Cess Fund ~~keeps~~ is concerned with keeping the tanks in repair & channels, the District Funds look after ~~the roads~~ the minor roads & other Public works of local utility within the district &

NOTE—Contn. sheet.

BPG—55,000—27-4-09

The Mysore Gazette

EXTRAORDINARY.

PUBLISHED BY AUTHORITY.

BANGALORE, MONDAY, SEPTEMBER 6, 1909.

NOTIFICATION.

No. Fl. 1268—G. F. 86-09-1, dated Bangalore, 24th August 1909.

Order.—Under the system hitherto in force, the financial programme of Government for any particular official year was announced by the Dewan in his speech to the Representative Assembly in September or October of that year, *i.e.*, after three or four months of the year had elapsed. A copy of the State Budget was also laid on the table of the Assembly for the information of the Representatives and through them, of the public. The facts connected with the financial administration for any year thus came to the knowledge of the public rather late in the year and information furnished was by that time stale. Under these circumstances the Government have resolved that with effect from the year 1909-10 the State Budget should be published in the official Gazette at the earliest possible date after it is finally passed by His Highness the Maharaja. This procedure, it is hoped, will enable the public and the Representative Assembly to become acquainted with all the details of the financial programme of the year in good time.

2. Accordingly the State Budget for 1909-10 with a brief financial statement explaining its salient features is published in the following pages.

J. S. CHAKRAVARTI,
Financial Secretary to Government.

Financial Statement and Budget Estimates of the Mysore State 1909-10.

CONTENTS.

PART I.

FINANCIAL STATEMENT.

	Paras.	Page.
Preliminary Remarks	1 to 4	3
Accounts of 1907-08	5 to 7	3 & 4
Revised Estimates of 1908-09	8 to 10	4 & 5
Remissions, Suspensions and Advances	11 & 12	15
Increase of Revenue under certain heads	13 to 15	5 & 6
Expenditure on account of Scarcity	16	6 & 7
Budget Estimates for 1909-10	17 to 20	7 & 8
The Famine Reserve	21	18
The Loan Sinking Fund	22	8
Railway Expenditure	23 & 24	8 & 9
Cauvery Power Scheme Accounts	25 & 26	9
Public Works	27 to 29	9 & 10
Local Funds	30	10 & 11

PART II.

BUDGET ESTIMATES.

General Abstract of Revenue and Expenditure	1 to 4
Detailed Estimates	5 to 170 (a)
Appendix A—Showing the Balance, Demand and Collection of Land Revenue	171
Appendix B—Numerical Strength of Sanctioned Establishments	172 to 180

6. In the accounts of 1907-08 as finally closed the figures stand as follows :—

	Rs.
Revenue and receipts	',41,40,694
Expenditure ..	',11,58,680
Difference	29,82,014

This difference appears in the accounts as follows :-

	Rs.
Set aside from the Cauvery Power Scheme Revenue for redemption of the 4 per cent loan of 20 lakhs ...	1,33,333
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance	12,30,228
Famine Insurance Reserve	2,00,000
Budget Surplus	14,18,453

7. The accounts of 1907-08 were, therefore, better than the estimates by Rs. 15,75,014, and this result was due mainly to the improvement on the revenue side, to which most of the important heads of revenue, namely, Land Revenue, Forest, Excise, Railways and the Cauvery Power Scheme, contributed. The whole of revenue proved too cautious, while that of expenditure was on the usual estimate well foreseen, the difference between the total estimate and the total actual expenditure being less than half a lakh. There were increases under some heads of expenditure but they were counterbalanced by savings on the grants under other heads. The whole of the building contribution of five lakhs promised for the Indian Institute of Science was paid in 1907-08.

Revised Estimates for 1908-09.

8. The budget estimates for 1908-09 provided for receipts and expenditure as shown below :—

	Rs.
	3,15,000
Revenue and other receipts	2,2[illegible]3,89,000
Expenditure	2,[illegible]
	14,26,000
Difference ...	

The difference was, as usual, shown in the Budget as follows :—

	Rs.
Set aside from the Cauvery Power Scheme revenue for redemption of the 4 per cent loan of 20 lakhs ...	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance	10,77,000
Famine Insurance Reserve	2,00,000
Budget Surplus	16,000
	14,26,000

9. In the revised estimates for 1908-09, prepared on the basis of eight months' actual expenditure from July 1908 to February 1909, the figures stand as follow :—

	Rs.
	2,22,46,000
Revenue and other receipts ...	2,12,94,000
Expenditure ...	
	9,52,000
Difference ...	

Financial Statement and Budget Estimates of the Mysore State, 1909-10.

Preliminary Remarks.

As this is the first occasion on which the State Budget is being published in the official Gazette for the information of the public, it is necessary to offer a few words of explanation with reference to certain terms of a technical nature the use of which is unavoidable in connection with the budget.

2. The accounts of the State are compiled by the Comptroller from the vouchers and cash accounts received from Treasuries. The financial year is from 1st July to 30th June following, but the accounts of any year cannot be ready till some time after the end of the year has elapsed. The accounts of a year ending 30th June have to be kept "open" till the 30th of November following, to admit of adjustments being made on account of transactions relating to this Government taking place at a distance which come on the books of this Government through the accounts of other account offices. The final accounts for a year ending th30th June can thus be ready only about the end of December following. It is is herefore clear that the latest year of which the final accounts are now available 1907-08.

year 3. The preliminary arrangements for framing the budget estimates for any Only are taken in hand about the month of February of the preceding official year. next yeeight months of a year are, therefore, over when the work of estimating the actual fiar's revenue and expenditure under each head has to be undertaken. The the basis gures for eight months of the first year are, therefore, ascertained and on by adding of eight months' actuals, "Revised Estimates" for the year are prepared Estimates" the estimated figures for the remaining four months. The "Revised the budget e thus prepared of the year about to expire are very useful in framing

4. For stimates of the ensuing year.

down in the bu he purpose of following the course of revenue and expenditure as laid three consecuti dget estimates for any year, it is necessary to study the figures of sideration. For e years, ending with the one for which the budget is under con- corresponding fi instance, along with the proposed estimates for 1909-10 the would be required ures for the two previous years, namely, 1907-08 and 1908-09, son with the positi for a study of the present financial position and for its compari- fore give against ea on in the preceding two years. The detailed estimates there- 08 and in the "Rev ch head the figures as they appear in the "Accounts" of 1907- estimates for 1909-1 ised Estimates" for 1908-09 along with those in the budget the revised estimates 0. A brief general review of the Accounts of 1907-08 and of budget estimates for of 1908-09 is also given below before the figures of the of the total figures for 1909-10 are discussed. For the accounts for 1907-08 a review A full and detailed Ap Revenue and Expenditure only is here considered sufficient. by the Comptroller an propriation Report on the accounts of each year is drawn up it for information on a submitted to Government, and a reference may be made to ny point connected with the final accounts.

Accounts of 1907-08.

5. The budget est imates of 1907-08 provided for receipts and expenditure as shown below :—

					Rs.
Revenue	...	...	...	...	2,26,08,000
Expenditure	...	...	...	...	2,12,01,000
Difference	...	...	...	...	14,07,000

This difference was sh own in the budget as follows :—

Set aside from	the Cauvery Power Scheme Revenue for				
redemption	of 4 per cent loan of 20 lakhs			...	1,33,000
Net income from	the Cauvery Power Scheme appropriated				
for replenish	ment of cash balance		...	...	10,34,000
Famine Insuran	e Reserve	...	...	...	2,00,000
Budget Surplus	...	...	...	...	40,000
			Total	...	14,07,000

According to the usual procedure of appropriating the revenue of the Cauvery Power Scheme for redemption of loan and replenishment of the cash balance, the above difference should appear in the accounts thus:—

	Rs.
Set aside from Cauvery Power Scheme revenue for redemption of the 4 per cent loan of 20 lakhs ...	1,33,000
Net income from the Cauvery Power Scheme appropriated for replenishment of cash balance	11,12,000
Famine Insurance Reserve	70,000
Budget Deficit	—*3,63,000*
	9,52,000

* Out of Rs. 2,00,000 proposed to be set apart for the Famine Insurance Reserve in the budget estimate, Rs. 1,30,000 had to be spent as direct expenditure in connection with the scarcity and the balance of Rs. 70,000 would therefore be available under ordinary circumstances for being carried to the head Famine Insurance Reserve.

10. The revised is therefore 4,74,000 worse than the budget as far as the difference between receipt and expenditure is concerned and this, in spite of the revenue from the Cauvery Power Scheme being Rs. 35,000 in excess of the budget. The result under the other heads excluding the Cauvery Power Scheme is thus Rs. 5,09,000 worse in the revised. Of this sum 1,30,000 represents expenditure recorded under the head "Famine Relief"; and the balance 3,79,000 is the net difference on other heads of revenue and expenditure which has converted the surplus of Rs. 16,000 in the budget to a deficit of Rs. 3,63,000 in the revised estimate as above worked out.

Remissions, Suspensions and Advances.

11. The main reason for the unsatisfactory state of affairs referred to in preceding paragraph is, of course, the scarcity which prevailed during the year 1908-09 in parts of all the districts of the State but specially in Kolar and Tumkur. The two chief instruments which were employed by Government in combating the situation were adequate remissions and suspensions of land revenue and a liberal system of granting *takavi* and other advances to the raiyats wherever such help was considered necessary. The advance transactions do not affect the budget immediately though they have a very important bearing on the question of ways and means. But the effects of the remission and suspension measures of Government appear in the revised estimates of 1908-09 now presented in a very striking way. Thus under land revenue, against the budget estimate of 100 lakhs, the actual collections amount to only 89 lakhs; and under assessed taxes, *i.e.*, mohatarfa and assessment on vacant building sites, the percentage of falling off is much larger, the collections being only 2 lakhs against the estimate of 3·18 lakhs. When it is considered that the high prices brought about chiefly by the unfavourable seasonal conditions of successive years press more severely on the non-agricultural population who pay the bulk of the assessed taxes than on the agricultural population, the necessity of liberal remission of mohatarfa for mitigating the acuteness of distress will be evident.

12. The relief which had to be given to the agricultural and non-agricultural classes in the way of remissions and suspensions has, therefore, reduced our revenue for 1908-09 by 12·18 lakhs, *viz.*, 11 lakhs under Land Revenue and 1·18 lakhs under Assessed Taxes. The Forest revenue fell considerably below the budget estimate, the realizations according to the revised estimates being only 19·11 lakhs against the budget figure of 20·15 lakhs. The reason for the falling off was less demand for sandalwood which told both on the number of tons sold and the rate per ton realized. Considering, therefore, the three heads, Land Revenue, Assessed Taxes and Forests, the decrease in the revised estimates of 1908-09 was 13·22 lakhs when compared with the budget estimates.

Increase of Revenue under certain heads.

13. It is, therefore, quite clear that, had it not been for accidental and unexpected increase of revenue under certain heads, even the whole of the net revenue

of the Cauvery Power Scheme (Rs. 11,12,000) would not have been sufficient to cover the decrease referred to in the foregoing paragraph. In that case, taking all sources of revenue into consideration, the year would have been one of a real and substantial deficit. As it is, however, we are exceptionally fortunate in some directions and the falling off of Rs. 13·22 lakhs in the revised as compared with the budget under Land Revenue, Assessed Taxes and Forests, is reduced to a large extent by increase under other heads. Thus Excise brings according to the revised estimates, Rs. 43·62 lakhs against the budget provision of 40·86 lakhs or 2·76 lakhs more; Stamps and Registration, 78 thousand more; Mining Royalty, 70 thousand more; Interest, 30 thousand more; and the Railway revenue account, 2·61 lakhs more. The increase under the head "Railway" is due chiefly to the operation of the revised agreement with the Southern Mahratta Railway Company entered into by the Secretary of State for India on behalf of this Government, under which nineteen-twentieths of the net revenue on all the lines belong to the Durbar instead of three-fourths of the net revenue on the Mysore-Harihar and the whole of the net revenue on the other lines as in the former agreement. As a result of these and other minor variations, the revenue and receipts for 1908-09 stand, according to the revised estimate, at Rs. 222·46 lakhs instead of the budget figure Rs. 228·15 lakhs, *i.e.*, Rs. 5·69 lakhs less.

Economy necessitated by Scarcity.

14. The variations of the revised from the budget figures on the expenditure side are less marked than on the receipt side, but those variations are not a correct index of the disturbing effects of the scarcity on the budget programme of the year. As soon as it was apprehended that considerable expenditure might become necessary during the course of the year to cope with the distress, the extent of which could not be gauged with precision, energetic steps were taken in all directions for securing the strictest economy; and the result is that in spite of considerable additional expenditure under almost all major heads owing to the scarcity, *e.g.*, allowance to Government servants for extraordinary rise in prices of food grains, additional establishment, etc., the total expenditure for the year, according to the revised estimates is Rs. 2,12,94,000 against the budget figure of Rs. 2,13,89,000 *i. e.*, Rs. 95,000 less. A comparison of the budget and revised estimate figures under the several major heads will show that the credit for having secured economy is shared by almost all the Departments of the State, and it is the exercise of such economy coupled with the fortunate increase in receipts under some of the revenue heads, such as Excise and Railway, which accounts for the fact of the State having got over a difficult year with so little impression on its finances.

Utilization of Surplus.

15. From para 9 above it is seen that the difference between receipt and expenditure for the year 1908-09, taking all sources of income into account, was Rs. 9,52,000. In that paragraph it was also stated how that difference would have appeared in the accounts under the system hitherto in force. Certain changes in the form of accounts have, however, been sanctioned in connection with the reorganization of the Cauvery Power Scheme accounts as explained in para 25 below. It has also been decided that the full amount of Rs. 2,00,000 should be taken to the credit of the Famine Insurance Reserve without deducting therefrom the expenditure on account of scarcity during the year. With these changes the sum of Rs. 9,52,000 will appear in the account as shown below :—

	Rs.
Set aside for redemption of the 4 per cent loan of 20 lakhs ...	1,33,000
Famine Insurance Reserve	2,00,000
Credited to the Cauvery Power Scheme Depreciation Fund ...	6,19,000
	9,52,000

Expenditure on account of Scarcity.

16. Before closing this brief review of the revised estimates of 1908-09, it is perhaps desirable to bring together the total expenditure incurred during the year from the General Revenues on account of scarcity. The following statement gives

such information regarding amounts sanctioned and spent under the various heads :—

FINAL EXPENDITURE.

Head	Amount sanctioned during the year 1908-09	Expenditure during the year 1908-09 (Preliminary accounts)	Remarks
I. Direct.	Rs.	Rs.	
Establishment	*	2,899	* Sanctioned as required.
Drinking water wells	1,18,000	55,611	
Poor-houses and gratuitous relief ...	30,000	27,050	
Supply of fodder	41,000	8,453	
Relief to weavers, etc.	50,000†	36,181	† A portion of this expenditure will be recovered by the sale of cloth, etc.
Distribution of seed grains (gratuitous) ...	1,000	.....	
Relief works in charge of Civil Officers ...	7,000	2,688	
Total I ...	2,47,000	1,32,882	
II. Indirect.			
Grain compensation allowance ...	1,76,000	1,54,507	
Additions to existing establishment ...	8,000	7,739	
Stone works to Minor Tanks (P. W. D.) ...	1,00,000	48,623	
Other additional works (P. W. D.) ...	1,04,000		
Total II ...	3,88,000	2,10,869	
Total I & II ...	6,35,000	3,43,751	

LOANS AND ADVANCES.

Head	Amount sanctioned during the year 1908-09	Expenditure during the year 1908-09 (Preliminary accounts)	Remarks
	Rs.	Rs.	
Takavi advances and other loans ...	4,60,750	3,43,349	
Earth-work to Minor Tanks	1,20,000	34,789	
Opening grain depot	1,100	.....	
Purchase of seed grains for distribution to the raiyats in the affected tracts ...	10,000	2,307	
Total ...	5,91,850	3,80,445	

Budget Estimates for 1909-10.

17. For the year now current the total revenue is estimated at Rs. 2,32,93,000 and the total expenditure excluding liabilities to Reserve Funds, etc., at Rs. 2,20,42,000. The difference of Rs. 12,51,000 is intended for utilisation as follows :—

	Rs.
Sinking Fund Instalment on account of the 4 Per Cent Loan of 20 Lakhs	1,33,000
Famine Insurance Reserve	2,00,000
Contribution payable from the Cauvery Power Scheme Revenue of 1909-10 to the Depreciation Fund	3,09,000
Payment out of the net Cauvery Power Scheme Revenue of 1909-10 towards the arrears of the Depreciation Fund ...	5,54,000
Budget Surplus	55,000
	12,51,000

Revenue.

18. It is hoped that the seasonal and agricultural conditions of the year 1909-10 will be fair and the collection of the major portion of the suspended arrears of 1908-09 is anticipated. The estimate of Land Revenue is therefore placed at Rs. 1,03,39,000. The revenue from Excise during 1908-09 is somewhat high, according to the Revised Estimate, but for purposes of the Budget for 1909-10 it has not been considered safe to place the estimate higher than at Rs. 40,50,000. The estimates under the other heads are normal and do not call for any remarks.

Expenditure.

19. On the expenditure side the noticeable increases as compared with the revised estimate for 1908-09 appear under Education, Medical and Miscellaneous. The expenditure on Education is naturally an expanding item and the allotments made for additional grants to Aided Schools, increased staff provided for Government Schools and the arrangements necessary for adapting the two Colleges to the New University Regulations account for the increase of about a lakh over the revised estimate for 1908-09. The increase in the Medical budget is chiefly under "Sanitation and Vaccination" and is due to the additional expenditure entailed by the Scheme sanctioned for the organization of a Public Health Department. The estimate under "Miscellaneous" includes provision for some special charges to be incurred during 1909-10.

20. The estimates under the heads, 28. Famine Relief, 29. Reduction or Avoidance of debt, 30. State Railways—Revenue Account, 34. Construction of Railways, 35. Cauvery Power Scheme Revenue Account, and 36. Cauvery Power Scheme Capital Outlay, require some explanation.

The Famine Reserve.

21. In February 1907 the Government resolved to set aside annually a sum of at least two lakhs with a view to form a reserve to be drawn upon in the event of a famine and the resolution has been given effect to from the year 1906-07. On the 30th June 1909 the amount to the credit of the Famine Reserve was six lakhs and in the budget for 1909-10 provision has been made for adding to the said reserve another sum of two lakhs. There was some special expenditure in connection with the distress last year, but as it was not for meeting a severe and widespread famine but only for affording relief in a period of drought, and as it was also found possible to meet such expenditure by effecting savings on other grants, it was not considered advisable to utilize any portion of the Famine Reserve, and accordingly the whole of the Famine Reserve allotment of two lakhs for 1908-09 was added to the Reserve. Following the policy of securing an annual accretion to the Famine Fund, a sum of two lakhs has been budgetted for in the estimates for 1909-10 and entered under "28. Famine Relief." In the event of there being any need for incurring expenditure on measures of famine relief such portion of this provision and of the accumulated reserve as may be required will be drawn upon; otherwise the saving will be carried to the credit of the Famine Reserve.

The Four Per Cent Loan Sinking Fund.

22. In 1906-07 a loan of 20 lakhs was raised mainly with a view to finance the third installation of the Cauvery Power Scheme. This loan carries interest at 4 per cent and is due for discharge after the expiry of 15 years, *i. e.*, on the 1st October 1921. To provide for the redemption of this debt a Sinking Fund has been formed since the year of the loan by effecting a saving in the annual budgets of an amount equal to one-fifteenth part of the loan. On the 30th June 1909 there was to the credit of this Sinking Fund a sum of 4 lakhs. In the budget for 1909-10 provision has been made for payment into the said fund the fourth instalment of Rs. 1,33,000 which appears under "29. Reduction or Avoidance of Debt."

Railway Expenditure.

23. The estimate of Rs. 7,20,000 under "30. State Railways—Revenue Account" is the annual interest charge payable on the debt of £1,200,000 borrowed through the Secretary of State for constructing the railway line from Gubbi to Harihar. This debt is redeemable on the 1st March 1936 and a Sinking Fund was formed in 1899-1900 by investing a sum of Rs. 50,81,500 in the Government of India

Securities, which, accumulating at compound interest will be sufficient for discharging the loan when its payment falls due. In the meantime the annual interest on the loan has to be regularly provided for in our estimates.

24. The amount of 3 lakhs entered under "34. construction of Railways" represents the provision for capital expenditure to be incurred in 1909-10 on account of new engines, rolling stock, etc., required for working the open State Railways. As a matter of fact the capital expenditure on Railways during the year 1909-10 will be considerably over 4 lakhs; but as some amount is expected to be available out of deposits made with the Southern Mahratta Railway Company on account of stores in previous years, a sum of only 3 lakhs has been provided for in the budget. A large programme of capital works, including renewal of rails and improvements and additions to almost every kind of rolling stock is in hand and the outlay under this head for a few years to come is likely to be heavy.

Cauvery Power Scheme Accounts.

25. The question of placing the accounts of the Cauvery Power Scheme on a satisfactory footing was long under the consideration of Government, and it was settled in January last after taking the advice of Messrs. Lovelock and Lewis, Chartered Accountants, Calcutta, and of a committee of local officers representing the Electrical, Engineering and Account Departments, appointed for reporting on the matter. It has been decided that the accounts should be kept substantially on commercial lines and a Depreciation Fund account opened for arriving at the true measure of profit accruing to Government on the concern. Under this arrangement, the contribution to the Depreciation Fund should come from the annual revenue from the Cauvery Power Scheme, on which it is a legitimate charge. The extent of depreciation of the buildings, machinery, etc., from the date of completion of each part to the end of 1908-09 has been calculated and the amount comes to about Rs. 14,76,000. To make up this amount it is proposed to pay to the Depreciation Fund Account the entire surplus of 1908-09, *viz.*, Rs. 6,19,000 as also a sum of Rs. 5,54,000 out of the net revenue from the scheme for 1909-10. To bring the fund to the level at which it should stand only a sum of about 3 lakhs more is required and it will be paid out of the net revenue from the scheme for 1910-11. The contribution payable for 1909-10 is Rs. 3,09,000 and this will be met from the revenue for that year. The estimate of Rs. 12,86,000 entered under "35.—Cauvery Power Scheme Revenue Account" on the expenditure side consists of the following items:—

	Rs
Working Expenses	4,23,000
Depreciation Fund—	
Contribution for 1909-10	3,09,000
Amount paid from the net revenue from the scheme for 1909-10 towards the arrears due to the fund up to the 30th June 1908..	5,54,000
Total ...	12,86,000

The first item mentioned above represents the establishment and other charges required for working the concern.

26. During 1909-10 an expenditure of Rs. 2,01,000 has been sanctioned for capital works, chiefly in connection with the lighting schemes of the Bangalore and Mysore cities and the estimate on this account appears under "36. Cauvery Power Scheme —Capital Outlay."

Public Works.

27. In January 1909, the Government after a very careful consideration of the financial capacity of the State fixed the normal grant for Public Works in the State at a little over 25 lakhs. As, however, two very large works, *viz.*, the Palace at Mysore and the Marikanave project, are still going on and as it is desirable to complete them as soon as practicable, it has been found impossible this year to restrict the Public Works Grant to the normal amount fixed by Government. The total grant for the year 1909-10 stands at Rs. 28,21,000, besides the grant of Rs. 2,72,758 to the Mysore City Improvement Trust, the work in connection with which is also chiefly of the nature of Public Works.

28. Among the more important original works for which allotments have been included in the estimates of the current year are the following:—

Name of Work.	Allotment.
	Rs.
1. Marikanave Reservoir	1,53,000
2. Improving and extending the Hemagiri Channel	10,000
3. Improving and extending the Mandigere Channel	25,000
4. Restoring the slipped portions of the Ramasagara tank ...	20,000
5. Constructing a new tank at Sowlanga	18,000
6. Constructing a new Sandal Koti at Shimoga	15,000
7. Constructing new Taluk Cutcherries at Chitaldrug and Honnali ...	20,000
8. Additions to and alterations of the Bangalore Central College building	1,00,000
9. Constructing a new building for the Bangalore High School ...	20,000
10. Constructing the Chamarajendra Technical Institute at Mysore ...	50,000
11. Constructing a building for the Eye-Infirmary at Bangalore ...	45,000
12. The New Palace at Mysore	2,39,000
13. Bangalore City Extension Works including Water-Supply ...	73,000
14. Bangalore City Drainage Works	43,000
15. Shimoga Extension and Water-Supply Projects	65,000
16. Mysore City Water, Supply Works	20,000
17. Water-Supply to Mudgere	7,000
18. Reconstructing the old Silledar lines at Bangalore	20,000

It should be noted that the allotments represent the amount proposed to be spent on each work, during the year 1909-10 and gives no indication of the total expenditure on each.

29. For facility of reference a brief abstract of the Public Works budget is included (for the first time this year) in the Civil Budget Estimates. A detailed Budget Estimate of Revenue and Expenditure under Public Works in the Mysore State is, however, printed and published separately, which may be referred to for information on any point relating to the expenditure on any particular work or particular class of works.

Local Funds.

30. It may perhaps be useful to mention in connection with the budget estimates herewith published that they represent only that portion of the public revenue and expenditure which appertains to the General Revenues. The transactions of the various Local Funds, *e.g.*, the Local Funds General, the District Funds, the Municipal Funds, the Irrigation Cess Fund and the Village School Fund, do not find a place here. When revenue derived from special sources is devoted to special objects and not to the general purposes of the administration, the revenue so devoted forms a Local Fund. And though in some cases there is difference in matters of administration and control between transactions affecting the General Revenues and those affecting the Local Funds, the transactions included in the latter are nevertheless an integral part of the financial operations of the State. Thus in addition to the 28·21 lakhs which represents the grant for Public Works from the General Revenues and 2·72 lakhs which is the grant from the same source to the Mysore City Improvement Trust, considerable sums are spent on local public works from many of the Local Funds referred to above. Thus the Municipal Funds maintain and develop roads and other public works within municipalities; the Irrigation Cess Fund is concerned with keeping some of the tanks and channels in repair; the District Funds look after the minor roads and other public works of local utility within the district; and the Village School Fund maintains, constructs and improves village school buildings. Similarly many of these funds materially supplement the expenditure from the General Revenues for education, sanitation, medical relief, etc. Detailed estimates of each of these

Local Funds are separately printed; but to give a general idea of the transactions of each Local Fund or class of Local Funds an abstract showing their estimated transactions during the year 1909-10 is given below :—

Name of Fund	Balance on 1st July 1909	Estimated receipts 1909-10	Total	Estimated expenditure 1909-10	Estimated balance on 1st July 1910
	Rs.	Rs.	Rs.	Rs.	Rs.
Local Funds General ...	69,550	1,99,440	2,68,990	1,90,745	78,245
District Funds ...	1,61,866	7,99,598	9,61,464	8,66,101	95,363
Municipal Funds ...	4,16,983	8,28,405	12,45,388	9,42,486	3,02,902
Village School Fund ...	78,123	3,17,222	3,95,345	3,57,102	38,243
Irrigation Cess Fund ...	67,000	2,23,000	2,90,000	2,00,000	90,000

Conclusion.

31. From para 17 above it will appear that according to the budget estimates of the year 1909-10 our receipts from all sources will be Rs. 12,51,000 in excess of the amount required for immediate expenditure during the year. At first sight the position might seem to be one of excessive surplus and the charge might be laid against the Government that they are taking more from the people than what is really required for the work of administration. But a little consideration will show that the situation is not exactly one of large surplus; for it is not sufficient to take only the immediate current expenditure of the State into account. The reserve funds and other liabilities have also to be considered. We owe a debt of 20 lakhs repayable in 1921 and we must make provision for its repayment; we must lay by something to combat a famine when it comes upon the State; we must build up a depreciation fund for the Cauvery power plant so as to be sure that we are not using up the capital invested in it. And when provision even on a modest scale is made for these requirements, the surplus sinks to a much lower figure. Again, if it is remembered that there are other reserves which it is certainly desirable to build up, *e.g.*, the reserve for large items of non-recurring expenditure, the reserve for railway extensions, etc., but towards which no grants can be assigned under existing financial conditions, the situation would appear to be far from one of an unnecessarily large surplus. On the other hand, as the whole of the mining revenue and a considerable part of the Cauvery power revenue have to be utilized for providing for the modest and indispensable reserves, the situation, if we look sufficiently long ahead, is one which requires careful attention and exercise of the strictest economy. We cannot afford to ignore the fact that a considerable part of the revenue from the Mines and the Cauvery scheme is, to some extent, uncertain or unreliable; and when along with that fact we see that without those sources of revenue our budget, even with all purely optional items of expenditure eliminated, would show a heavy balance on the wrong side, we cannot too strongly emphasise the fact that in our present financial condition there is necessity for the greatest restraint as regards increasing the permanent recurring expenditure of the State and incurring expenditure upon matters which bring no palpable benefit to the people.

J. S. CHAKRAVARTI,
Financial Secretary to Government.